

City and County of San Francisco

Office of the Controller - City Services Auditor

BOARD OF SUPERVISORS:

Triage Consulting Group Did Not Use
City Funds for Political Purposes

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April 9, 2007





CITY AND COUNTY OF SAN FRANCISCO
OFFICE OF THE CONTROLLER

Ed Harrington
Controller

Monique Zmuda
Deputy Controller

April 9, 2007

Board of Supervisors
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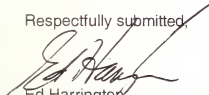
President and Members:

The Office of the Controller (Controller) presents its report concerning the review of Triage Consulting Group (Triage), and its compliance with the City and County of San Francisco (City) ordinance prohibiting the use of city funds for political activity. The review revealed that Triage did not use for political activity any of the \$225,440 of city funds it received under its agreement with the Department of Public Health (Public Health).

We conducted this review to meet the San Francisco Administrative Code (Administrative Code) requirement that the Controller annually audit at least 10 persons or entities that enter contracts, grants or loan agreements with the City. The Controller seeks to ensure that the persons or entities comply with Chapter 12G of the Administrative Code, which prohibits the use of city funds for political activity. The Administrative Code defines political activity as participating in, supporting, or attempting to influence a political campaign for any candidate or ballot measure.

Triage entered a four-year agreement on July 1, 2004, with the City through Public Health to secure claiming of aged accounts from government and non-government payer sources. Under the agreement, Triage is to receive a contingent fee of 25 percent of all revenues generated by Triage's efforts. The agreement is subject to the City's prohibition on political activity.

Respectfully submitted,



Ed Harrington
Controller

INTRODUCTION

BACKGROUND

The prohibition on the use of city funds for political activity became part of the San Francisco Administrative Code (Administrative Code) after voters in the City and County of San Francisco (City) passed Proposition Q on November 5, 2002. The former proposition is now Chapter 12G of the Administrative Code, which defines political activity as participating in, supporting, or attempting to influence a political campaign for any candidate or ballot measure. Chapter 12G also requires that all City contracts, grants and loan agreements disclose the prohibition.

Section 12G.2 of the Administrative Code requires the Office of the Controller to annually audit at least 10 persons or entities that enter contracts, grant or loan agreements with the City to ensure compliance with the prohibition on the use of city funds for political activity. This year we randomly selected Triage Consulting Group (Triage), a healthcare consulting firm, as one of our 10 mandated audits.

Triage entered a four year agreement on July 1, 2004 with the City, through the Department of Public Health (Public Health), to secure claiming of aged accounts from government and non-government payer sources. Under the agreement, which is subject to the prohibition on political activity, Triage is to receive a contingent fee of 25 percent of revenues generated by Triage's efforts. Triage received \$225,400 from Public Health during the review period of July 1, 2005, through June 30, 2006.

SCOPE AND METHODOLOGY

The purpose of this review was to determine if Triage inappropriately expended any city funds participating in, supporting, or attempting to influence a political campaign for any candidate or ballot measure.

To conduct the review, we first verified that Triage had an agreement with the City that included the prohibition of using city funds for political activity. We verified all payments that the City made to Triage from July 1, 2005, through June 30, 2006. We also assessed Triage's procedures for recording financial transactions and tested selected expenditures. Additionally, we inquired of its officers whether Triage had spent city or other funds for purposes related to political activity. Finally, we searched the San Francisco Campaign Finance Database and the State of California's Cal-Access database, which both report campaign contributions, to find any instances where Triage made political contributions.



RESULTS

TRIAGE COMPLIED WITH THE REQUIREMENT TO NOT USE CITY FUNDS FOR POLITICAL ACTIVITIES

Triage did not use any of the \$225,440 of city funds that it received to participate in, support, or attempt to influence a political campaign for any candidate or ballot measure. During our review of Triage's records, we found no evidence of expenditures for political activities. Additionally, we obtained written management representation that Triage had no expenditures related to any political activity. Furthermore, the City's Campaign Finance Database and the State of California's Cal-Access database did not show any evidence that Triage made any political contributions from July 1, 2005, through June 30, 2006, which was the period we reviewed.

We conducted this review according to generally accepted government auditing standards. We limited our review to those areas specified in the scope and methodology section of this report.

Staff: Elisa Sullivan, Audit Manager
Edwin De Jesus

cc: Mayor
Board of Supervisors
Civil Grand Jury
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